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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

SECURITIES AND EXCHANGE COMMISSION,	) Civil Action No. C 07-3444 JF
	)
Plaintiff,	)
	) PLAINTIFF'S UNOPPOSED
	) MOTION FOR
	) AN ORDER TO CONSOLIDATE
	) COURT REGISTRY ACCOUNTS
vs.	) AND TO DISBURSE MONEY
	) TO PAY TAXES AND FEES
MARK LESLIE, et al.,	)
	)
Defendants.	)

The Securities and Exchange Commission ("SEC") respectfully requests the Court to enter an order directing the Clerk of the Court to consolidate accounts containing disgorgement, penalties and prejudgment interest paid by defendants in this action and to make the disbursements already ordered by the Court from the consolidated account. Consolidation of the accounts will not prejudice any of the defendants and will ease the administration of the accounts going forward.<sup>1</sup>

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<sup>1</sup> Counsel for the SEC has consulted with the defendants. The SEC has received no objection or opposition with respect to this motion from the defendants.

1 On August 3, 2007, the Court entered final judgments against defendants Michael M.  
2 Cully and Douglas S. Newton pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.  
3 Pursuant to the final judgments, defendant Cully paid a total of \$216,470.67 of disgorgement,  
4 prejudgment interest and penalty to the Clerk of the Court and defendant Newton paid a total of  
5 \$62,263.36 of disgorgement, prejudgment interest and penalty to the Clerk of the Court. The  
6 money deposited with the Court constitutes a Qualified Settlement Fund ("QSF") under Section  
7 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R.  
8 §§ 1.468B-1 through 1.468B-5. QSFs are required periodically to pay federal taxes.  
9

10  
11 On October 26, 2007, the Court entered an order appointing Damasco & Associates  
12 ("Damasco") as tax administrator to fulfill the obligations of the QSF. Pursuant to that order,  
13 Damasco is required to pay taxes in a manner consistent with the treatment of the money as a  
14 QSF and is to be compensated for the tax services provided. On June 27, 2008, the Court  
15 entered three orders to disburse funds to pay the tax obligations of the QSF and an order to pay  
16 Damasco's fees for its work as the Tax Administrator.  
17

18 On July 7, 2008, the SEC was notified by the Clerk of the Court that it is unable to  
19 disburse funds as directed by the June 27, 2008 orders because the Clerk of the Court deposited  
20 the money paid by defendants Cully and Newton into two separate accounts under the  
21 defendants' names and the orders do not specify from which account the money should be  
22 disbursed. If the two accounts are consolidated into a single account, the Clerk of the Court can  
23 make the disbursements required by the orders and any future disbursements ordered without  
24 further direction by the Court, which will aid in the administration of the fund. Consolidating the  
25 two accounts into a single account will not prejudice any of the defendants in this action.  
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27  
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1 For the foregoing reasons, the SEC respectfully requests the Court to enter the attached  
2 proposed order and grant such other relief as it deems just and proper.

3 Dated: July 28, 2008  
4

5 Respectfully submitted,

6  
7 /s/ Richard Hong  
8 Richard Hong  
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PLAINTIFF'S UNOPPOSED MOTION TO CONSOLIDATE  
COURT REGISTRY ACCOUNTS AND TO  
DISBURSE MONEY TO PAY TAXES AND FEES  
SEC v. MARK LESLIE, et al., No. C 07-3444 JF

**CERTIFICATE OF SERVICE**

Pursuant to 28 U.S.C. § 1746, I hereby certify that on this day, July 28, 2008, I electronically filed the foregoing motion and the attached proposed with the Clerk of the Court by using the ECF system and relied upon that system's automatic service of the foregoing document and the attached proposed order upon counsel, which will send notification of such filing to the ECF participants.

In addition, on this day, July 28, 2008, the undersigned caused a copy of the foregoing documents to be served by regular first class mail to the following:

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